

**TOWN OF NEWMARKET, NEW HAMPSHIRE
TOWN COUNCIL, BUDGET REVIEW SESSION I**

OCTOBER 24, 2015 9:00 AM

PRESENT: Council Chairman Phil Nazzaro, Council Vice Chairman Gary Levy, Councilor Dale Pike, Councilor Amy Thompson, Councilor Toni Weinstein, Councilor Amy Burns, Councilor Larry Pickering

ALSO PRESENT: Town Administrator Steve Fournier, Interim Finance Director Matt Angell, Town Clerk/Tax Collector Terri Littlefield, Recreation Director Jim Hilton, Police Chief Kevin Cyr, Public Works Director Rick Malasky, Library Director Carrie Gadbois, Town Planner Diane Hardy, CIP Committee Chairman Rose-Anne Kwaks

AGENDA

Chairman Nazzaro welcomed everyone to the meeting of October 24, 2015 and called the meeting to order at 9:07 am.

TOWN OF NEWMARKET PROPOSED OPERATING BUDGET FOR FISCAL YEAR ENDING JUNE 30, 2017

Presented October 24, 2015, by Town Administrator Steve Fournier

Town Administrator Steve Fournier gave an overview of the Town Budget for the fiscal year ending June 30, 2017, beginning with the *Economic Indicators*. He started with the *CPI for Boston*, which was typically looked at for what increases might be coming, and said they were seeing a reduction in CPI for New England Regional due to the drop in oil prices, with a slight increase for Boston of 0.7% and 0.2% nationally. He stated that Social Security would not be going up next year, mainly due to no cost-of-living increase resulting from the oil price drop. Town Administrator Fournier next looked at *Unemployment Rates* and said the Town was doing well at 2.8%, with Portsmouth Regional at 3.1%, the County at 3.8%, the State at 3.5%, and 5.5% nationally. He stated that the *Current Tax Rate* was estimated at \$25.17, but was not yet determined as they were still in discussions with the School regarding the amount of their fund balance. He said that using the current estimate, the Town rate would be \$6.20 or 25%, the County rate \$1.10 or 4%, and the Local School \$15.41 or 61%, with the rest made up by the State School at \$2.46 or 10%. Chairman Nazzaro clarified that this was the 2016 tax rate which would be billed in November. Town Administrator Fournier added that the State would be providing updates on revenue sharing and there could be changes.

Town Administrator Fournier next showed a *Ten-Year Tax Rate Comparison* saying that the Town had stayed fairly flat except for the increase in 2011 to \$25.31, but that he estimated a drop for the year to \$25.17 from \$25.75 last year. He said one reason for the drop was the increase in the valuation of the Town by approximately \$11 million. Councilor Pike asked if there was any way to show the 10-year comparison with inflation-adjusted values and felt that it would be economically more accurate to consider it that way. Chairman Nazzaro agreed that he would like to see that way in the future. Town Administrator Fournier stated that right now he was proposing a budget of \$10,134,923 which was up

4.96% over the previous year. He said the department heads had proposed a budget of \$11,313,113, or a 17.16% increase. He said that the Town budget increased by \$478,504, with Enterprise Funds increasing \$64,813 and all other funds increasing by \$413,691. He next provided a breakdown of expenditures by fund with the General Fund at \$6,989,894 or 55% of the budget, Special Revenues at \$1,031,728 or 8%, and Enterprise Funds at \$2,113,301 or 37% for a total of \$10,134,923. He said Enterprise Funds had been growing lately due to default payments for the Wastewater Treatment Plant.

Town Administrator Fournier next gave a breakdown of where the increases were going. He said Health Care was seeing a \$73,188 increase, Retirement a \$29,066 increase, Workers Comp up \$11,399, the Merit Pool up \$10,000, an increase in Election Salaries of \$17,747, and a \$23,815 increase in Police Salaries due to the new contractual obligations approved last year. Increases in Capital Reserves included \$25,000 for Building Improvement, \$25,000 for Stormwater, \$25,000 for the Macallen Dam, and \$18,666 for Recreational Facilities. Increases in the Enterprise Funds included \$25,000 for Sludge Disposal, \$60,000 for Electricity Wastewater, \$13,000 for Chemical Wastewater, and \$10,000 for Lab Wastewater. Vice Chair Levy asked if a column could be added listing the amount remaining in each fund, and Town Administrator Fournier replied that a handout had been distributed.

Town Administrator Fournier next presented the overall *Revenue Budget* proposed for FY17 at a total of \$5,607,101, with General at \$3,050,093, Special Revenues at \$462,568, and Enterprise Funds at \$2,094,345. He said that he estimated an increase in Motor Vehicle Registration of approximately \$200,000 additional. Chairman Nazzaro said this suggested a \$400,000 increase total and said he was concerned they were over-estimating revenues. Town Administrator Fournier explained that if he did not provide estimated revenues, he would have an additional \$1 million that would go into the fund balance. He emphasized that it was only an estimate and if it came in lower they would reduce it, either by withdrawing money from the Fund Balance to be offset the next year or by increasing the taxes to cover it. Councilor Pike said they had maintained some surplus, but that they could not expect that the economy would not change and they would have an occasional downturn. Town Administrator Fournier said that in the 2007-2008 years the economy turned because the interest on investment was not there, and not because of motor vehicles. Chairman Nazzaro expressed his concern that in 2011 they overestimated what they could pull from fund balance, expenses had been higher, and the State cut revenues, which resulted in a spike in the tax rate. Town Administrator Fournier said they no longer had revenue sharing, and felt the estimate was not so high (8%) that if the economy collapsed they could make up that difference from fund balance for one year.

Vice Chair Levy felt the 5-year projections of the budget were scary and said he would prefer they be very conservative rather than cutting afterwards. Councilor Pike asked what were the main things driving the 50% increase in the tax rate over the next 5 years, and Interim Finance Director Matt Angell felt a lot of what he was seeing was increases in Health Care costs. He said the original increase for this year were predicted at 15%, though it had actually come in at 6.5%, with last year at 8.5%. He said he predicted that Motor Vehicles would flatten out and would be going back down in 2018-20. Councilor Thompson said she felt the projections could be planned tighter this year and felt they owed it to the taxpayer to bring the tax rate down and not budget to revenues. Chairman Nazzaro felt they should decide if they wanted to downshift the estimated revenues or stick to the \$5.6 million. Councilor Pike said that he was comfortable staying with it as planned, and Councilor Thompson agreed. Vice Chair

Levy asked Interim Finance Director Angell what he had projected for motor vehicle revenue for the Town for this year and he said he estimated \$1,290,000. He explained that he had tried to tighten up the revenue estimate for 2017 so less revenue was being turned back to fund balance, and said he budgeted as high as actual revenues being received.

Town Administrator Fournier next addressed the *Tax Impact* of his proposed FY16 budget and stressed it was only an estimate using data as available today. He explained that you take the gross appropriations of \$10,134,923 less the estimated revenues of \$5,607,101, and add \$20,000 for overlay and \$168,500 in War Service Credits, to arrive at a net appropriation of \$4,716,322. He said with the current assessed value of \$722,476,271 for the Town, the tax rate would be \$6.53/1,000 or an increase of 33 cents. He stated the Average Home Value was \$250,000, with the current Town portion of the tax bill at \$1,555. He said he proposed the Town portion to be \$1,632 annually, or a 5% increase at \$77.50 annually.

TOWN CLERK/TAX COLLECTION

Town Clerk/Tax Collector Terri Littlefield stated that the majority of increases for this year were based on the number of elections, as there were four (4) scheduled including a presidential primary. She said the major increases would be based on the number of staff, the costs of ballots and for coding the ballots, with minor increases in meals for all elections and to pay supervisors, moderators, and clerks. She said they would need extra-time supervisors from the outside to maintain the resident checklists and add new registered voters for presidential elections. Vice Chair Levy asked why the Postage line item was up and Town Clerk/Tax Collector Littlefield said it had not really increased, as they had combined two lines into one and eliminated the special postage line item. Interim Finance Director Angell pointed out that there was an issue with part-time salaries which had been identified after the budget was posted. He said he had listed one of the clerks as a 100% charge to that department, but that the clerk was also charged to Water & Sewer. He said this would result in a reduction in the Part-Time Salaries line item from \$45,157 to \$27,919, or a \$17,328 difference, and Town Administrator Fournier stated that the \$17,328 would go into the enterprise fund. Councilor Weinstein asked when a new ballot box would be added, and Town Clerk/Tax Collector Littlefield said the purchase was put on hold as they had not had any issues at elections. She said that she had also talked to the School about purchasing one and that they should know after this presidential election year if an increase in registered voters would require an extra box. Town Administrator Fournier said that the back-up last year was a result of the bond issues, charter amendments, and the location in the basement of the Town Hall. He said that the Town ballot would now have only one question which was whether or not to approve the budget.

POLICE DEPARTMENT

Police Chief Kevin Cyr stated that the budget for his department was up 1.62%. He said the operating portion was actually down as he had decreased the Equipment/Field Supplies line item by \$12,000 which had been budgeted last year for body cameras as they were not purchasing them at this time. He said the increased overall percentage was a result of salary increases, which included raises for both union and non-union employees. He said that increase in Fulltime Salaries reflected the projection to pay current personnel at the same rate, and the increase in Overtime reflected additional costs for union salaries. He said the increase in Part-Time Salaries to \$41,558 was a result of adding two additional part-time people who came already trained, and added that there was no cost efficiency if

they could not be retained. Vice Chair Levy pointed out that the figure for the prior year was \$31,000 and Chairman Nazzaro asked if part-time salaries could be reduced to that amount. Interim Finance Director Angell said that he had arrived at the figure by taking a list of the people filling the positions and estimated the salary needed. Police Chief Cyr explained that part-time staff were used to offset secretarial duties on the dispatch side and said he also anticipated hiring part-time officers in the next few months that would be worked into this budget. Councilor Thompson asked if this would cut down on overtime, and Police Chief Cyr said it would not as he was currently running with 2 fulltime officers less than usual.

Police Chief Cyr stated that his budget had only increased \$10,000 over the last 10 years, but that they were being asked to do more with the same resources. He said he could live with \$5,000 less in part-time salaries with no raises. Town Administrator Fournier said this would bring part-time salaries to \$36,558. Councilor Pike asked for a clarification on the body cameras, and Police Chief Cyr said this had been postponed. He added that the technology surge had brought on its own issues with right-to-know requests. Councilor Pike said that actuals for Dues/Memberships always seemed to come in lower and asked Police Chief Cyr if he was expecting to use the \$4,210 allocated. Police Chief Cyr replied that he anticipated using the funds for additional costs for memberships for School Resource officers. Vice Chair Levy asked if the School paid for the officer stationed there, and Police Chief Cyr replied that they did not as he was a trained Police Officer there under his assignment. Councilor Thompson said that with fuel costs currently down, this was a big issue for her across all departments. Vice Chair Levy said that actuals for gasoline in 2014 were below the final budget but that prices at that time were higher, and said he felt they could reduce the gasoline line item by a few thousand. Councilor Pike said that on the other hand they wanted to be conservative with revenues and they did not know what fuel prices were going to be. Town Administrator Fournier polled the Councilors and they voted to leave the budget as it was without further cuts.

RECREATION DEPARTMENT

Town Administrator Fournier explained that there were two (2) funds for this department, *Recreation General* and *Recreation Revolving*.

Recreation Director Jim Hilton stated that both fulltime and part-time salaries were up due to merit raises, and that the only other increase in the general budget was an added \$500 for Sunrise Sunset. He then moved on to *Recreation Revolving*. He said that he had projected a revenue of \$191,172 for this fund but that \$259,192 was actually collected, with a \$68,000 increase over projections. He said he had spent \$161,491 which was rolled back in to the revolving account, and that he currently had \$99,304.33. He proposed that he would be willing to take the increases to the *General Fund* and eat them, resulting in no increases there at all. Chairman Nazzaro asked if that meant the 7.09% increase in the General Fund would be moved to Revolving, where it would not affect the tax rate. Recreation Director Hilton explained that he knew what the Revolving Fund could do and said he would not be as conservative this next year, adding that the increases to the Revolving Fund would make even more money for the Town. Chairman Nazzaro asked if the 7.09% increase to the General Fund would now be 0%, and Recreation Director Hilton said that was correct. Town Administrator Fournier said the actual figure would be \$14,915. Recreation Director Hilton said he needed another year to make sure this was working as it was only the 2nd year. He explained that four community events had not been funded this year, and that they

would either subsidize or use sponsorship to pay for them completely. He said he was also discussing other cost savings with the Finance Director, such as online registration, but he needed one more year to make sure this was not an anomaly. Town Administrator Fournier said that he needed confirmation that they were withdrawing \$15,000 from the general fund and not moving it anywhere else. Councilor Weinstein asked Recreation Director Hilton how this would affect his other plans, and he replied that it would not. Town Administrator Fournier said that the problem with the CIP requests from the department heads was that a lot of the projects planned could already be done with the current funding. He said that he had asked Recreation Director Hilton to obtain quotes for the young children's playground and the splash back but that the money was available in the Recreation Capital Reserve fund. Recreation Director Hilton said he was saving money in the budget and would still have funds for new programs, and that no increases in program costs were planned for this year.

Councilor Thompson said that she recommended cutting Recreation Revolving back to last year's levels, based on having \$68,000 more in revenues to cover the \$33,000 proposed increase. Interim Finance Director Angell recommended over-budgeting the revolving fund because if appropriations were limited, it would limit the number of programs that could be offered. He further explained that there was no inflation on the tax rate, so if you reduced expenditures you would also reduce the revenue. Councilor Thompson again suggested cutting revolving by an additional \$15,000. Recreation Director Hilton said that he was interested in providing quality programs to the Town without a cost and having a manageable program. Chairman Nazzaro explained that Councilor Thompson was asking to reduce the General Fund another \$15,000 to make up for what was being earned in the Revolving Fund, and Interim Finance Director Angell felt they were looking to move some operating costs out of the general budget to revolving. Town Administrator Fournier said that if the money was moved from the general fund he would have to increase the Special Revenue fund by that amount. Councilor Pike said he did not think they should pare down revolving as it would affect what the Recreation Director would be able to do. He again mentioned over-budgeting on revenues, saying he felt there was a desire to be forward-looking and conservative with this budget. Recreation Director Hilton again asked that he be given one more year to build the infrastructure, but he wanted to have money available able to make those changes. He said he planned to make Newmarket the best Recreation Department in New Hampshire for its size. Town Administrator Fournier asked Recreation Director Hilton if he could transfer \$10,000 from General to Revolving and he agreed. Town Administrator Fournier said he would then reduce General by a total of \$25,000 and increase Revolving by \$10,000.

NEWMARKET PUBLIC LIBRARY

Library Director Carrie Gadbois said that she handed out a brochure summary of all Library services. She said that they provided services to the community for residents of all ages, including programs for children and summer reading programs. She said the Library also held discussions groups, provided one-on-one training to help people with devices, and offered inter-library loans, as well as delivery of materials to people who could not come to the library. She said they had added a Young Adult section this year and provided an area where students could study and use the wireless. She stated that circulation had gone up 6.2% last year and had increased 17% over the last two years. She said they were also a member of the New Hampshire Downloadable Audio Books Consortium which had seen an increase of 47% in the past year. She stated that she was presenting a budget to allow the Library to be able to continue their current level of services for the next budget year.

Vice Chair Levy questioned Building Maintenance saying that they had budgeted \$8,000 in FY15 and spent \$28,349, which he assumed was to complete all the work that needed to be done. Interim Director Matt Angell explained that the money had come from their own Trust Fund, and Vice Chair Levy asked how much was left in that fund. Library Director Gadbois replied there was approximately \$70,000 remaining. Vice Chair Levy said it looked like they were proposing more in that line item for 2017, and Library Director Gadbois explained that it was not an increase as they had cut \$12,000 for cleaning and maintenance from Part-Time Salaries and moved to Building Maintenance as the services were now being contracted out. Vice Chair Levy then questioned the increase in Part-Time Salaries and Library Director Gadbois explained that additional staff had been added so circulation hours could be extended. She stated that she believed they would use everything now in that line item as the boiler was leaking and three HVAC units were failing on a regular basis. Vice Chair Levy then questioned Health Insurance as they had budgeted approximately \$16,000 in FY15 and spent only \$4,142. Interim Finance Director Angell said there were currently two employees who qualified for health insurance and were not taking the option but could potentially.

Councilor Thompson suggested reducing the Heat & Oil line item by \$2,500, and Library Director Gadbois replied they had actually cut Heat & Oil by \$1,800 and would have to bank on prices not rising. Chairman Nazzaro said he could see reducing the whole Library budget by \$2,500. Library Director Gadbois said that so far they had used funds from Capital Reserves to replace the windows but that the rest of the funding had come from Building Maintenance, and that she was currently getting estimates for HVAC and the boiler. Town Administrator Fournier explained that if there was an emergency situation the money would come from the budget, but that HVAC and the boiler would come from Capital Reserves. Chairman Nazzaro asked what the \$23,000 in Building Maintenance was allocated for and Library Director Gadbois explained that this covered everything that happened in the library, including hiring electricians as well.

Chairman Nazzaro asked about inconsistencies in the budget as to whether electricity was going up, down, or staying level, and asked if there was any consistent approach to the cost of electricity in the next two years. Town Administrator Fournier explained that it was a mix between increased rates and actual building usage. Councilor Thompson said she wanted to cut \$2,500-\$5,000 from Building Maintenance and use Capital Reserves instead. Chairman Nazzaro said that they had approximately \$70,000 remaining in the Trust Fund and \$130,000 in Capital Reserves. Vice Chair Levy said that meant that the maximum amount of money accessible to them totaled \$200,000. Interim Finance Director Angell confirmed this but said they could not use Capital Reserves for operating expenses, though the Trustees of the Trust Fund could use their money for any purpose they deemed necessary. Chairman Nazzaro polled the Councilors as to whether or not to reduce the budget by \$2,500 and the majority voted to keep the amount as it was.

INFORMATION TECHNOLOGY (IT) DEPARTMENT

IT Director Doug Poulin stated that there were not a lot of increases in his budget, except the New Equipment line item which increased from \$10,000 to \$12,000 to replace computers and do updated hardware backups. He said he wanted to bump up storage space as a result of the virus outbreak of a few weeks ago, but that most other items were level funded. Councilor Thompson said that two line items stood out, one being the \$1,000 for Training of which nothing had been expended in the last 2

years. She said the other was the \$4,500 for Software Licenses as only \$1,339 had been spent for FY15, and she suggested a total departmental cut of \$4,000. IT Director Poulin stated that there was a training seminar coming up in Nashua on internet security that he wanted to attend for a cost of \$999 in January of 2017. As far as Software Licenses, he said they were very far behind on the Microsoft Office rollout, with the current version 8-9 years old, and this was an effort to get caught up. He said he would probably need 40 licenses as there were approximately 70 computers in the Town. Councilor Thompson asked if a one license could be purchased that would cover everyone, and IT Director Poulin said there would be no difference in price as Microsoft sold licenses in blocks of 10 at a time. Chairman Nazzaro asked if every part-time and fulltime employee needed a computer, and IT Director Poulin replied that certain areas which were busier than normal had multiple computers to facilitate demand. Councilor Pike asked if Microsoft was more of an annual subscription than buying a license to get one version then upgrading to a new version. IT Director Poulin said he believed Microsoft charged \$60/year for an annual subscription.

Vice Chair Levy said the budget for 2015 was \$169,000 which was then cut to \$162,000 and asked if the same cut could be made for this budget year. IT Director Poulin said he would feel uncomfortable with that as they were behind with the software licenses, and that numbers for last year were low because of the finance directive issued in the spring to reduce spending as much as possible as funds were need for snow removal. Interim Finance Director Angell said that their accounting system needed to be moved and that a lot of the system was integrated with Microsoft Office which might force an upgrade. Town Administrator Fournier agreed saying that he was starting to see issues with file sharing due to incompatibility. Chairman Nazzaro asked if there was still a proposal on the table to reduce the budget and Councilor Thompson suggested reducing by \$4,000. By a poll of the Councilors the vote to reduce was in the majority, and Chairman Nazzaro suggested cutting the amount in half to \$2,000. Town Administrator Fournier said he would take the \$2,000 from New Equipment.

FIRE & RESCUE DEPARTMENT

Fire Chief Rick Malasky stated that the department had been busy last year but they were already 100 calls ahead for this year, and the increases showed in salaries. He said that Part-Time Salaries and Overtime had both gone over, as well as Medical Supplies. He said that with his proposed budget request he was trying to compensate for the increased call volume as they continued to get busier. Vice Chair Levy asked how many staff the department had, and Fire Chief Malasky said there were two fulltime and one part-time admin, with everyone else on call and per diem on weekends in summer. Councilor Weinstein asked about coverage and Fire Chief Malasky replied that they did not lose many calls and that the bulk of what they did was medical. Town Administrator Fournier explained for new members that the volunteer fire department was working well for the Town, and that if they went to fulltime the budget would be \$1.2 million higher. He said that staffing was usually 3-4 on a shift and they would be adding 16 members. Fire Chief Malasky said they also made it hard for part-time people with the requirements for training and continuing education, and that they had a fulltime job on top of this.

Vice Chair Levy had some questions about the percentage of change for the original budget versus the final budget for FY15, and Interim Finance Director Angell explained that the percentages were comparing original to original (12.69%) and final to final (7.23%). Councilor Burns asked if the \$42,600 requested for Equipment Purchase was because of the call volume, and Fire Chief Malasky said that it

was for purchasing radios and hoses. Town Administrator Fournier said he had reduced the amount to \$25,000 and asked that not all the radios be replaced. Councilor Burns said that the actual for Equipment Maintenance for FY15 was \$21,496, and asked why it had been reduced to \$15,000 for FY17. Fire Chief Malasky explained that the overage was for a repair of an ambulance that would eventually be replaced, and Town Administrator Fournier said the expense would not come until the FY18 budget. Councilor Burns also questioned Overtime, and Town Administrator Fournier replied that emergency services overtime was always a gamble. Councilor Thompson mentioned that some ambulance costs were offset by revenues, but she wondered if they could trim fuel, and Chairman Nazzaro said that gas and diesel combined came to \$9,900. Councilor Weinstein said that compared to the actual budget for FY15, the amount proposed was already going down.

Councilor Pike said that in general, when looking at their tax rate over the last 15 years, it showed they were budgeting lean and trying to look at actuals. He felt inclined not to do too much shaving until they found something they really did not need, and said he was voting to go with the budget as it was. Councilor Thompson said there were Capital Reserve funds for the radios, and Town Administrator Fournier said the main purpose of those funds was to replace vehicles. Chairman Nazzaro said there was currently \$327,000 in that fund for everything, and Fire Chief Malasky said that ambulances came out of the revolving fund. Vice Chair Levy said he tended to agree with Councilor Pike but he thought the overall budget was fungible in general, otherwise they did not need to go through this exercise. Councilor Pike felt it was a valuable exercise but that they needed to find real ways to increase efficiency, and shaving without identifying real savings would make them less conservative. Chairman Nazzaro said that if they did not make structural changes to what they offered as a municipality in terms of services, the tax rate would continue to increase. Vice Chair Levy said he was concerned about not having that revenues might stop going up. Councilor Pike said that personnel costs were going up and they were trimming as much as possible in non-personnel costs, but that unless they identified real structural changes they could not keep doing that.

Town Administrator Fournier said the problem was not just with health care but with all insurances at the State level as there was very little competition in the market and soon there would be none. He said that Health Trust Primex had pulled out of the health-insurance market, School Care had refused to give him a quote, and Property Liability was not taking new customers as no one wanted to insure municipalities due of the number of lawsuits, and it was the same with Workers Comp. Chairman Nazzaro felt it was still a valuable exercise to shave costs and try to keep within the margin, as the tax rate would skyrocket in future if they did not structure and shift how things were done. Town Administrator Fournier felt the number one issue facing the Town was the infrastructure, as they underfunded the roads compared to other communities, and that was his major concern. Chairman Nazzaro asked if the figure for ambulance revenue was known, and Interim Finance Director Angell said the ambulance made approximately \$200,000 per year, which did not include the \$45,000 contribution to the new ambulance.

PUBLIC WORKS ADMINISTRATION

Public Works Director Rick Malasky stated that because of the overages as a result of the snow last winter, they had been forced to cut in other areas such as the Spring Cleanup. Councilor Pike felt this was a good example of where real savings could be made by looking at the program to see if they

wanted to continue to offer the service, as it was no longer offered in many communities. Town Administrator Fournier pointed out that Spring Cleanup was listed under Solid Waste. Public Works Director Malasky stated that increases in the administrative budget were based off actuals and worst-case scenarios for snow. He said that both Overtime and General Supplies were up as a result. Vice Chair Levy asked about Uniforms and the rough cost involved, and Public Works Director Malasky said the cost for uniforms and safety gear was approximately \$10,000. He explained the overage for Advertising was a result an open position that needed to be filled. Vice Chair Levy said that after what happened last year he was comfortable leaving the budget as is.

ROADWAYS/SIDEWALKS

Public Works Director Malasky stated that there had been a \$3.30 increase in Winter Salt costs and an increase in Asphalt due to the paving last year. Councilor Burns asked how the reduction in Asphalt would impact his plans for the year, and Public Works Director Malasky said that maintenance was not being done. Councilor Weinstein felt that contributions to the CIP and budget increases were both needed with regard to funding roads. Town Administrator Fournier explained that asphalt in the operating budget should be used for resurfacing and Capital Reserves should be used for reconstruction. He said once roads were reconstructed, they needed to be continually maintained, but that right now they were just doing asphalt and re-topping and not reconstruction. Councilor Thompson expressed concern that there was not yet a plan for roads as they were waiting for UNH, and Town Administrator Fournier said they did have a 2012 plan they were updating. Councilor Weinstein reminded the Council that it cost \$125,000 to do one mile of finish course for Ash Swamp Road, and that one mile of road did not seem adequate for 2017. Vice Chair Levy said they were doing Bennett Way next year for \$250,000, and he felt Councilors should spend more time prioritizing moneys that were available. Councilor Pike said that the current budget as constructed did not represent the amount of money they would need to spend on roads, and felt they could not continue to fund roads for less than the cost to have roads in the community. Chairman Nazzaro said he was inclined not to raise the budget this year as he would first like to see the road study and the results of their organizational study, so that they could possibly find savings somewhere else in the Town.

Town Administrator Fournier stated that there would be no sidewalk construction in FY17. Councilor Pickering said he would prefer to fund roads rather than have a Spring Cleanup. Councilor Pike asked if there was a way to move the \$30,000 for Spring Cleanup into this budget, and Town Administrator Fournier said he would move it out of Solid Waste and into this department. Vice Chair Levy asked if a prioritized list of the roads that needed to be addressed could be provided. Public Works Director Malasky said the roads in need of repair were New Road, Terrace Drive, Bald Hill Road, the remainder of Ash Swamp Road, Granite Street, Church Street, Dame Road, Sanborn Avenue, and Smith Garrison. Vice Chair Levy said that the two things that should be components for deciding priorities were the amount of traffic and the cost of the project. Public Works Director Malasky pointed out that more equipment was needed to open up the roads in winter if they are not paved. Councilor Weinstein asked about the Engineering line item and asked if this would be used in the case of hiring a Town Engineer. Town Administrator said that was where the funding would come from but there were no changes as yet as they did not have a proposal. Chairman Nazzaro asked if they were in favor of moving the \$30,000 from Spring Cleaning to the roads and all Councilors agreed.

STREET LIGHTING

Public Works Director Malasky said that no new lights had been added but the budget increase was just a reflection of the rise in rates. Vice Chair Levy asked if the Town could change to LED lights at any point in the future. Town Administrator Fournier said that as part of the Downtown Traffic Safety Program, the lights would be switched to LED if the project was approved. Councilor Thompson asked if any street light fixtures were needed, and Public Works Director Malasky said they typically replace the ballasts and bulbs and that was what the line item was for. Vice Chair Levy and Councilor Thompson asked if there was any change that could be made as far as the timing of the lights. Public Works Director Malasky said the lights were on from dusk to dawn, but that they could possibly light every other one on Main Street or some of the parks. He said he would not recommend any changes to the lights at the intersections, as it helped Emergency find and identify the streets.

BRIDGES

Town Administrator Fournier said that department heads had proposed funding for bridges, but that he had eliminated it.

BUILDINGS AND GROUNDS

Public Works Director Malasky explained that this budget covered all Town buildings, electricity, heat, water and sewer, and all day-to-day building maintenance plus the clocks, the dam and the bandstand. He said it also covered mosquito control, but that there were no big major changes to the budget. Councilor Weinstein asked about the Town Clock maintenance, and Town Administrator Fournier said it covered anything that had to do with the mechanism. Public Works Director Malasky said the clock was restored and had to be maintained for a year and that there was \$2,795 in the funds if anything huge needed to be done. Interim Finance Director Angell explained that they had a mechanic on call which cost \$250 for half a day, which was what had been budgeted. Councilor Weinstein asked about the winding of the clock and Interim Finance Director Angell that was included in the Salaries line item and was paid in a stipend. Councilor Weinstein asked if any funds had been made available to the church to repair the housing as they had requested, and Town Administrator Fournier replied that they were looking at a proposal that might help the church but that the housing was not the responsibility of the Town.

Councilor Thompson said she felt there was room to reduce the Heat & Oil by \$5,000 between all four line items. Public Works Director Malasky replied that it was a fair statement as oil was only used in the Library and the Town Hall and all the other buildings used propane. Chairman Nazzaro asked if all Councilors were in favor of reducing the heat and oil by \$5,000 and all agreed. Councilor Pickering questioned why the proposed budget for heat in the Senior Center had been cut in half. Town Administrator Fournier said they had only spent \$2,286 the year before, and that this had previously been covered by the Housing Authority. He said they only funded the Sunrise Sunset Center, and that the other Senior Center was a private entity which they provided a contribution to under the Grants Section. Councilor Thompson asked if the \$7,000 could be cut even more, and Vice Chair Levy recommended reducing the amount to \$5,000 on the heat and leave the electricity. The Council voted to reduce the Senior Center Heat to \$5,000, for a total of \$7,000 savings in this budget.

CEMETERY

Public Works Director Malasky said that the Cemetery budget had only gone up 0.78% and that there were no big surprises. Councilor Thompson asked about the line items for Part-Time Salaries and for Contracted Services. Public Works Director Malasky said that there had been an opening under part-time salaries that they had a hard time filling. He said that Contracted Services was dealing with a grub problem and some treatment had been done but more might be needed. He said the other part of that was the once-a-year fee from Pelzer Funeral Home as they sold the lots and maintained records for the Cemetery. Town Administrator Fournier estimated he probably received 4 or 5 deeds per month.

VEHICLES

Public Works Director Malasky stated that they continued to use Auto Excellence for their vehicle needs and maintenance. Vice Chair Levy asked for the total spent on all vehicles last year and Public Works Director Malasky said they spent approximately \$80,000 and still had to send things out. Councilor Thompson and Vice Chair Levy asked about possible cuts to gasoline and diesel. Public Works Director Malasky said that diesel was locked in but gas was not, though he did personally did not trust that market. Councilor Thompson suggested a cut of \$8,000 to Diesel and Public Works Director Malasky suggested \$7,000. Town Administrator Fournier recommended reducing Diesel from \$45,000 to \$38,000.

SOLID WASTE

Public Works Director Malasky reminded the Council that \$30,000 was being removed from Spring Cleanup and shifted to roads and said there were no big changes to this budget. He said the Transfer Station was open 1 ½ days per week and they used Casella for curbside pickup as well. He reported that the Post Closure Landfill Testing was continuing and the monitoring was pretty status quo. Town Administrator Fournier suggested taking General Supplies down to \$15,000 from \$20,000. Public Works Director Malasky said the \$16,636 spent in FY15 was a result of recycle bins that were ordered that year, and Interim Finance Director Angell added that the cost for trash bags had gone up this year. Councilor Thompson asked how Household Hazardous had been increased to \$12,000, and Public Works Director Malasky said that they typically did this every other year. Councilor Thompson suggested \$10,000 for that line item and all Councilors were in agreement to reduce the amount.

CAPITAL RESERVES

Town Administrator Fournier gave an overview of the Capital Reserves. He stated that he had proposed a budget of \$625,115 from the CIP recommendation of \$1,315,930, as he had to come in with a budget he thought the Town could afford. He said that some of the projects recommended by the CIP could be done with current Capital Reserve funds, though there were a number of things they needed to continue to fund. He said a lot of communities issued debt through Capital Improvement Programs by issuing bonds annually, which could be retired and replaced with other debt leaving the project continuously funded. He introduced Rose-Anne Kwaks, Chairman of the CIP Committee, and Town Planner Diane Hardy.

Town Planner Diane Hardy explained that every year the CIP Committee met and distributed RFPs to all department heads asking for their list of Capital Improvements for the year. She said the requests were of two types, equipment and projects, and that a Procedural Brochure was put together for the Town

Council as part of the budget process. She said that the report listed all requests received by the departments with a narrative for each project and how the expenditures would improve services in the community along with cost data. She said that under State requirements they were required to have a Capital Improvement Plan providing costs over a 6-year period. She said there was a composite overview on page 3 with the CIP recommendations in the first column and priorities listed in the second column. She said that as a Committee they had met with all departments heads and made tours of facilities, reviewed the requests, and requested a budget for the Town of approximately \$1.3 million. CIP Committee Chairman Rose-Anne Kwaks stated that one of their main concerns, which coincided with the Council, was putting more money into roads for the long term. She said she was glad to hear Sidewalks had been put on hold so the funds could be used for road improvements.

Town Planner Hardy said they had met with Public Works Director Malasky in his capacity as Fire Chief who had some requests for personal protection equipment. She said he had indicated that if the gear was not replaced by 2017 it would not meet flow testing requirements and they would not be able to put out fires. She said the request for \$169,000 for 24 SCBAs seemed like a high priority to the CIP Committee, and Chairman Nazzaro said they were saving annually towards the cost. Town Planner Hardy said there were also requests for replacement of mobile radios at \$146,000 and a vehicle request for \$89,000. Chairman Nazzaro said the radios were already in the Public Works operating budget, and Town Administrator Fournier clarified that a fire engine would not come from the vehicle cost but would be bonded or leased. Councilor Weinstein asked why they were going through the process if they were not going to use Capital Reserve Funds for these purchases. Town Administrator Fournier explained that there were two different things here, and that the budget was for funding the Capital Reserves and the CIP was to bring out what capital projects needed to be done. He further explained that CIP was not a funding mechanism but rather a document, and that Capital Reserves was the funding mechanism.

Chairman Nazzaro said he would much rather see CIP Plans and requests for Capital Reserve Funds accurately reflect whether they were planning to bond or to save, and that right now it looked like it was entirely savings. Councilor Weinstein said it was not clear to her what was planned for the money already in the Capital Reserve Funds. Town Administrator Fournier said the CIP Committee report should say whether to use Capital Reserves to fund the departmental requests or whether they recommended saving the money over time. He said when the requests came to him, he made his recommendations to the Town Council as to whether to use money in the budget or fund from Capital Reserves and not put more on the tax rate. Chairman Nazzaro felt there was a misunderstanding about the Capital Reserve process in that individuals came to the CIP Committee with requests explaining how they were going to save over the next 5 years, as opposed to listing the funds available and what they were planning to use it for. Town Planner Hardy said that it was part of the process for department heads to identify how they were planning to fund their projects over the next 6 years: from operating budget, Capital Reserves, bonds, grants through DES or impact fees. Town Administrator Fournier said the CIP looked at and prioritized Capital projects and presented the report to him. He then makes his recommendations to the Council on how to fund it, and the Council makes a recommendation for the budget.

Councilor Pike gave the Macallen Dam as an example of the uncertainty in the process. He said it shows \$100,000 going out into the future and that at some point that money could be a bond payment, but they were still a long way from being able to tighten the estimate down to real costs. Town

Administrator Fournier again mentioned other communities that used a Capital Improvement Budget, with which they basically issued bonds. He said that the debt can then be retired and replaced with new debt and the funding stays flat. Councilor Weinstein said the Fire Department Capital Reserve requested \$400,000 but it was reduced to \$50,000 and asked if the project to replace equipment was going to be done. Town Administrator Fournier said if the \$169,000 was needed to replace the equipment, half could be taken out this year, another \$50,000 added to the fund, and the other half taken out the following year. Town Planner Hardy mentioned another project the CIP Committee felt very strongly about was the Youth Playground replacement as the old equipment was dangerous and unsafe. She said the Committee changed the priority on that project from "necessary" to "urgent" and wanted to see the project funded immediately for next summer at \$24,500. Town Administrator Fournier said the money was available in Recreation Capital Reserves.

Town Planner Hardy stated that every year the CIP Committee tried to fine tune their system and felt it was getting better every year, saying they would discuss having the departments tell them what their priorities were for spending their current Capital Reserve Funds next year. She said the CIP was an exercise in re-evaluation every year as things might change, and it forced people to look at things on a long-range basis rather than an annual budget. Councilor Thompson said she felt the funding in Recreation Facilities could be reduced from \$18,666 to \$5,000. She also proposed reducing the Macallen Dam, Stormwater, and Fire by \$25,000 each and reducing Police vehicles, with the savings going to roads. Chairman Nazzaro said that, especially for the vehicles, the contributions were replenishing what would be taken out for the next year. Councilor Pike expressed concerns about the Macallen Dam saying that at some point the costs would be higher, especially with engineering changes in the dam, and it might not be a good idea to put numbers in there when they were pretty sure the funding would eventually be inadequate when needed. Councilor Thompson asked if they could bond the project and Town Administrator said they could not as they needed the engineering to get the bond, and that it was the same for Stormwater Management. Councilor Weinstein said she agreed with Councilor Thompson that with no narrative as to how the funds would be spent it was difficult to decide what to fund or not fund, and that a plan was needed.

Town Administrator Fournier stated that some of the money had just been put aside with no definitive plan in mind, and that was why they had started withdrawing money to do general maintenance around the building. Vice Chair Levy expressed concern that putting away the money because they might need it would become a self-fulfilling prophecy and that they would find a way to spend the money if it was there, and wondered if the CIP should be re-evaluated to determine what requests should and should not be in CIP. Town Administrator Fournier explained that there were two different things here. He said the first thing was that the plan was 100% better than it used to be and that it was still prudent to put money aside rather than in the operating budget. He said if the money put in the operating budget was not used it was lost, and he would have to re-appropriate funds for the next year. He said Capital Reserve Funds were reviewed and could be discontinued if no longer needed, but he did not see any to discontinue at this time. Vice Chair Levy said they still needed to know what the money in the funds was for and what it was intended for in the future. Councilor Pike agreed with Councilor Weinstein that a narrative was needed for each fund so they could see why it was being altered and what was being changed. Town Planner Hardy asked if this was something that could be done by the department heads, and CIP Committee Chairman Kwaks added that justification would be required. Town Administrator

Fournier felt that the next step for the CIP would be to add another column in their report to provide this information.

Councilor Weinstein said she was looking for the status for other projects beside Recreation, as the Capital Reserves had approximately \$3 million with essentially no plan. Chairman Nazzaro agreed and said they needed a long-term conversation as to what they were doing with all the funds, and needed to decide what contributions to make or not make for FY17. Town Administrator Fournier brought up the recommendation by Councilor Thompson to reduce the Recreation Fund to \$5,000. Councilor Burns said she did not want to reduce the funding so much that other projects could not be done and felt there was not enough information to reduce Recreation. CIP Committee Chairman Kwaks said that they did have enough information and that everything was brought to them by the department heads and that the Committee had also taken the time to do tours of all the facilities. She said the only thing lacking was the narrative but that CIP had done their job well and were improving every year. Town Planner Hardy said that the CIP Committee presented the needs of the Town strictly from a planning standpoint, and that it was up to the Council to decide the policy and whether the Town had the fiscal resources to do the projects. Town Administrator Fournier said his recommendation was to allocate the \$18,666 for the Recreation Fund, and that it was now up to the Council to decide whether or not they wanted to reduce the amount, and said he stood by the \$625,115 budget he had presented to the Town Council. CIP Committee Chairman Kwaks said that Town Administrator Fournier had already cut the CIP budget by almost half, and she suggested not cutting anymore.

Town Administrator Fournier stated that the things listed by the CIP were things that needed to be done. He said that even with the budget reduced by half they were putting off a need for a future date based on what the Town could afford. Councilor Pike stated that he agreed with the recommendations of the Town Administrator unless something more clear cut could be provided. He felt they had identified ways the process could be improved through the narrative and said after a year the balances could always be reduced if needed. Vice Chair Levy said that changes had already been made in the Budget to the Town Administrator's recommendations, and felt they did not have enough information to make adjustments in CIP. Chairman Nazzaro said he felt Recreation and Building Improvements should still be looked at. Town Administrator Fournier said general project costs for Building Maintenance included the boiler, the bathrooms, insulation and the basement for a total of \$250,000. Public Works Director Malasky said they had a quote of \$175,000 just for the bathrooms and felt the \$250,000 was not nearly adequate for what needed to be done. Town Administrator Fournier pointed out that they only paid 75% of the costs as there was another owner of the building. Councilor Thompson asked if funding could be moved from one Capital Reserve fund to another. Town Administrator Fournier said they could not as each general fund had to be specific to the purpose that was there, though the purpose could be changed.

Chairman Nazzaro asked if anyone wanted to make a proposal to reduce the \$625,115 contribution to Capital Reserves, and Councilor Thompson moved to further reduce the amount by \$100,000. She said Public Works, Fire Department, and Recreation Facilities stood out as possibilities. Councilor Pike said he would not vote to take \$100,000 out of miscellaneous accounts at this time. Vice Chair Levy asked if the \$130,000 for Public Works was needed. Town Administrator Fournier said they should be budgeting to put away \$250,000 for this fund but they were only saving \$130,000, and they were already behind on

vehicle replacements. Chairman Nazzaro said he was more inclined to reduce Stormwater Management and the Macallen Dam from a \$75,000 contribution to \$50,000 each. Councilor Pike felt that cutting the Macallen Dam might limit the project and felt it would be more prudent to leave it at \$75,000 to allow more flexibility to proceed at a reasonable pace. Town Planner Hardy said that at the last Stormwater meeting they were told by the EPA that by April of 2016 the permit would be issued for the MS4 program, which meant Newmarket would have to participate and develop a long-term Stormwater Management plan. Town Administrator Fournier said they estimated the engineering needed for the project would be approximately \$300,000.

Councilor Thompson recommended reducing Public Works by \$50,000, and reducing Stormwater Management and the Macallen Dam by \$25,000 each. Town Administrator Fournier polled the Council on each separately, and it was agreed to leave the Macallen Dam at \$75,000, keep Stormwater Management at \$75,000, and to reduce Public Works by \$50,000.

NEXT MEETING

The second Budget Review Session was scheduled for Wednesday, October 28, 2015 at 6:30 pm.

ADJOURNMENT

Vice Chair Levy made a motion to adjourn the meeting which was seconded by Councilor Weinstein.

The meeting for the Town Budget Review Session was adjourned at 1:50 pm.

Respectfully submitted,

Patricia Denmark, Recording Secretary